

## **EXHIBIT O**

**EXHIBIT 32**

Witness: Ladd

Date: 10-15-2020

Stenographer: Victoria L. Valline, CSR No. 3036

**From:** Robert Ladd  
**Sent:** Monday, October 24, 2016 1:42 PM EDT  
**To:** Steve  
**Subject:** RE: Mom & Dad

I will just go down the line in order to save time:

Taxes, etc. -- Yes I will cover the shortfall if in excess of the \$190,000. The \$190k was calculated based on estimated marginal taxes for federal and for RI, but tax adjusted for RI, although not sure they itemize. Did you ask Drew for a CPA referral? Did you also ask Drew to revise the Executors?

Laddcap -- I will send Mom back her investment of \$60,000 (\$50k on 4/1/03 + \$10k on 11/1/03); I believe it is in her name only.

\$100k Loan – That was a loan they made to me I think 2 years ago. For estate settlement purposes, I think Drew can suggest how to best document that I already got this “advance.” As for paying it back and monthly costs, I did pay a few months in the beginning when Dad forwarded me the statements. But given the minimal monthly amount, it never continued. And just fyi, I have been paying their cable tv and cell phone bills for 10 years at least, plus gave them at least one car and multiple iPads and cell phones. So I don’t think they feel the need to true up back and forth.

Also...I had hoped the equity line went against the beach house, because then it could be netted against the money I put in to that, plus I had figured that house would be sold first. Since it’s not, then when the Cranston house is sold, I will pay off the \$100,000. (or sooner if interest rates spike up).

Thanks,  
Rob



**Robert B. Ladd CFA**  
**President and CEO**  
**500 Mamaroneck Avenue – Suite 320**  
**Harrison, NY 10528**  
[www.mgtci.com](http://www.mgtci.com)

(914) 630-7430 office  
(914) 643-6855 cell

**AIM:** laddcap  
**Skype:** laddcapvalue

**From:** Steve [mailto:[stevenladd@comcast.net](mailto:stevenladd@comcast.net)]  
**Sent:** Wednesday, October 12, 2016 11:33 PM  
**To:** Robert Ladd <[rlass@mgc.com](mailto:rlass@mgc.com)>  
**Subject:** Mom & Dad

**PLAINTIFF'S EXHIBIT**  
**Ladd 32**

After thinking about our conversation the other night, I want to clarify some things, and be sure I got them right, and express my thoughts in a more orderly manner.

#### **Taxes and consequences of 2015/2016 capital gains**

For 2015, Mom&Dad incurred something like \$6500 in additional Federal and RI taxes above what they would have paid if they did not have the capital gains generated by the trading in the Ameritrade account. Do you have that exact number? (that include the CG income taxes and the extra taxes paid on their SS income, up from 30% to 85% taxable SS income). I don't think there is enough money in the Ameritrade account to cover that and the 2016 taxes – when will you reimburse Mom & Dad for that?

You said you would cover the extra 2016 tax expense if it is in excess of the \$190K cash in the Ameritrade account. That would cover the Federal and RI tax, the increase in taxable SS payments, and the CPA fees. What we don't know yet is the impact this large income is going to have on their 2018 Medicare cost – this could increase dramatically in 2018 because of their reported 2016 income – maybe \$6000 or more in reduced SS payments.

Mom & Dad should file a gift tax form 709 for the \$325K that Dads trust 'gave' you from the sale of the stocks. I think this will be subtracted from the total estate exemption limit. For the Federal taxes, it doesn't make a difference, but for RI it may – the accountant will be able to help out with this, and maybe make some suggestions about how the assets are divided among the two trusts.

The additional liabilities above \$190K could be a sizeable amount, but hopefully would be under the limits of excluded gifting for you (or does it just decrease the \$325K 'gift' to you if you pay back the excess cost to Mom&Dad before the end of Dec?). Again the CPA may be able to help.

#### **LaddCap**

I think it would be in Mom&Dads best interest to divest them from LaddCap and let Dad decide how to invest the proceeds. I would recommend a relatively conservative stock index fund, or maybe a bond index fund – he is very light in bonds.

#### **\$100K Loan**

I may be confused about the loan they gave you – I think I heard you say that you would pay it back when they needed it or subtract it from your share of the estate (whichever comes first). Arent Mom & Dad paying something like \$260/mo on the entire equity loan of \$127K, almost all of which is interest? 1) Why aren't they paying the loan down and 2) why aren't you paying them monthly installments to at least pay for the interest on the \$100K? (Although it seems to me, that payments on the equity loan should be made to decrease the principal ). If you are in a better financial position then you were last year, it would certainly make estate planning less complicated to have the loan paid off, and be more fair to everyone. I would like to see them get back to the point where they are paying the principal and interest of the remaining \$27K from the initial beach house 'mortgage' and you are at least paying the interest on the \$100K. I don't know what you and Mom&Dad agreed to regarding the terms of the loan,

but it shouldn't be costing them anything. Perhaps they never adjusted their monthly payments when the extended the loan?

**In general...**

Mom & Dad probably have enough assets to have them live comfortably in assisted living, but it is very expensive and there are a lot of unknowns, especially when it comes to the point where they may need medical assistance. I'm not planning on receiving an inheritance, and want to make Mom&Dad understand that they can spend their savings for themselves, and encourage them to do so. If there's an estate, that's great, but on the other hand, they could incur unforeseen expenses that would deplete their savings, and we'd have to help out.

I think I speak for Donna as well, that we'd all be more at ease if we could put the MGT trading affair behind us and concentrate on the things we have to do for them to keep their independence for as long as possible and prepare for the time when they need more assistance.